

OTHERS Letter of Award for EPC of TDAE Plant in Tanjung Langsat Port, Johor to KNM Process Systems Sdn Bhd amounting to USD43 million (equivalent to approximately RM175 million)

KNM GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Letter of Award for EPC of TDAE Plant in Tanjung Langsat Port, Johor to KNM Process Systems Sdn Bhd amounting to USD43 million (equivalent to approximately RM175 million)

1. Introduction

KNM Group Berhad (“**KNM**”) is pleased to announce that its wholly-owned subsidiary, KNM Process Systems Sdn Bhd (“**KNMPS**”) has to-date accepted the Letter of Award from Norman Process Oils Malaysia Plant Sdn Bhd (“**Norman**”), to undertake the engineering, procurement, and construction (“**EPC**”) of the Treated Distillate Aromatic Extract (TDAE) Plant located at Tanjung Langsat Port, Johor (the “**Contract**”) amounting to USD43 million (equivalent to approximately RM175 million).

The TDAE Plant is to produce carcinogen-free (green) rubber process oils for synthetic rubber and tyre industries.

The duration of the Contract is expected to be for a period of 20 months commencing from an agreed date subject to the execution of a formal contract agreement to be duly signed between the parties.

2. Directors' and major shareholders' interest

None of the directors and/or major shareholders of KNM, and/or any persons connected with them, have any direct or indirect interest in the said Contract.

3. Effect of the Contract

The Contract is expected to contribute positively to KNM Group's earnings for the financial years ending 31 December 2016, 2017 and 2018.

4. Risk Factors

The Contract is subject to certain risks mainly in the power, oil, gas, petrochemical, and energy industries. These include changes in general economic conditions such as, but not limited to inflation, environmental, health and safety regulations, taxation, foreign exchanges, interest rates, labour and

material supply, changes in business and operating conditions such as, but not limited to government and statutory regulations and deterioration in prevailing market conditions.

KNM Group is already operating in these industries and hence would continue to be exposed to risk factors that they currently face whilst operating in these industries.

Although KNM Group with its vast experience may undertake efforts to mitigate the various risk factors, there is no assurance that any change in the above risk factors will not have a material adverse effect on the business and operations of KNM and/or KNMPS.

This announcement is dated 20 May 2016.